**Caulks, adhesives & sealants:**
***Consumers want higher-quality—pp. 19-24***

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National
# Home Center News®

Vol. 11, No. 7 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. March 25, 1985

# Evans Products files for Chapter 11

## *The road to bankruptcy paved by onerous debt*

**By Ronald R. Gurczynski**
*NHCN associate editor*

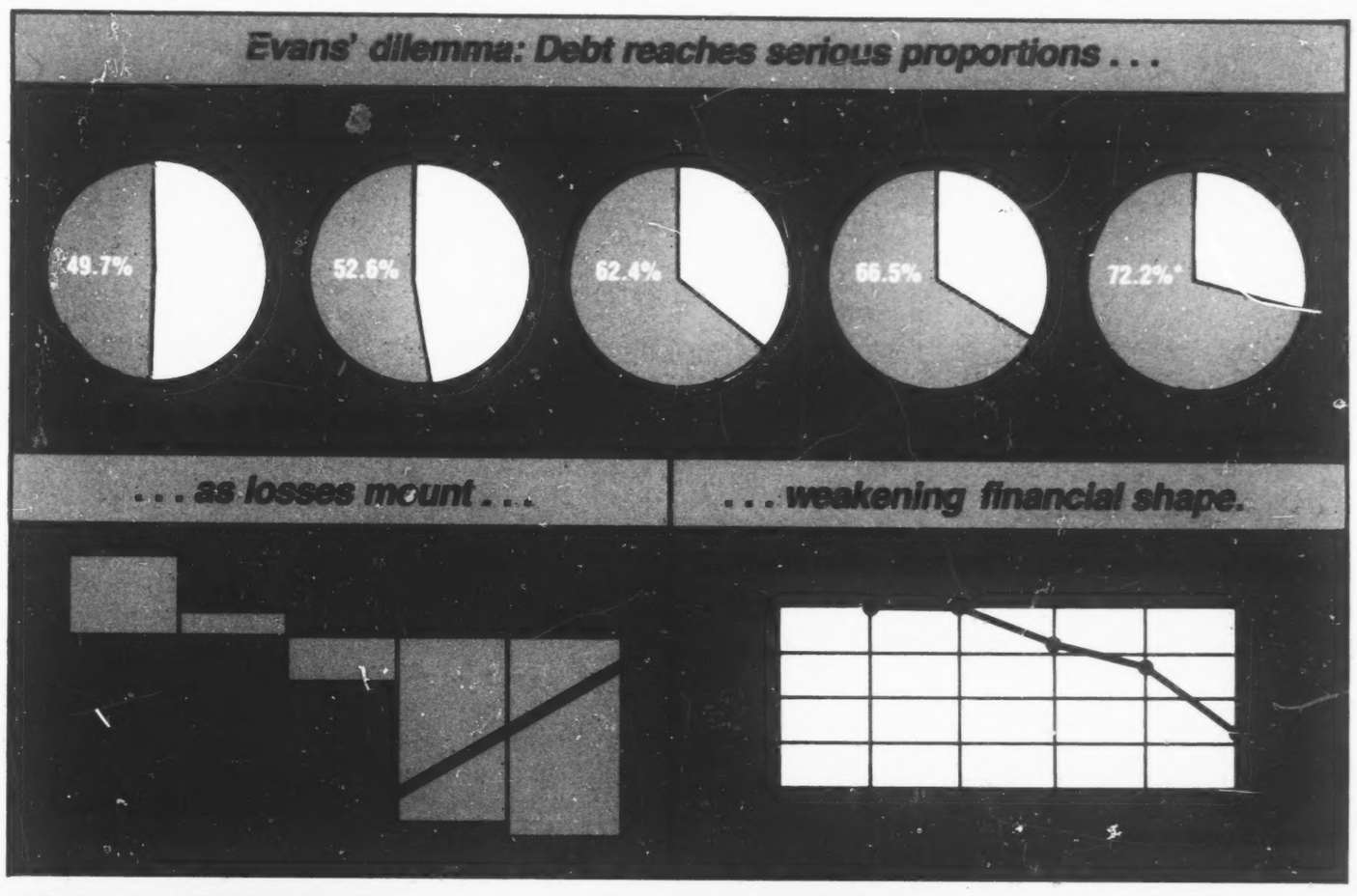
MIAMI — The problems Evans Products now faces are tied to the tremendous debt it incurred three years ago.

In 1982 Evans completed loan agreements providing for secured loans that totaled $407.5 million. In addition, the agreements provided for a secured revolving bank loan of up to $40 million.

The $407.5 million secured term loan was payable in three installments with $40 million due June 30, 1983, $60 million due March 31, 1984, and $307.5 million due Jan. 15, 1985. Add to this debt, the 1982 guarantee by Evans Products of $303.7 million in loans taken out by the company's finance subsidiary.

Evans was forced into taking

*(Continued on page 84)*




## *Lenders move to collect $600M in secured loans*

**By John Caulfield**
*NHCN senior editor*

MIAMI — The beleaguered Evans Products filed for Chapter 11 protection under the U.S. Bankruptcy Code on March 11, one week after its 22 lenders demanded payment of more than $600 million in secured term loans.

The lenders, which for more than a year had been unsuccessful in negotiating a restructuring of Evans' debt, increased pressure on the company after conducting an audit that reportedly took place about two weeks before the filing.

Evans' transportation group and its subsidiaries were not included in the filing, made in U.S. Bankruptcy Court here at 5:52 p.m., after the stock market had closed for the day.

*(Continued on page 85)*

## *Fagen plans warehouses in Pittsburgh*

VERONA, Pa. — Jack Fagen, president of 14-unit Fagen's and former president of Busy Beaver Building Centers, plans to open two warehouse home centers in the Pittsburgh area by the fall as part of a larger plan to open three to five stores annually.

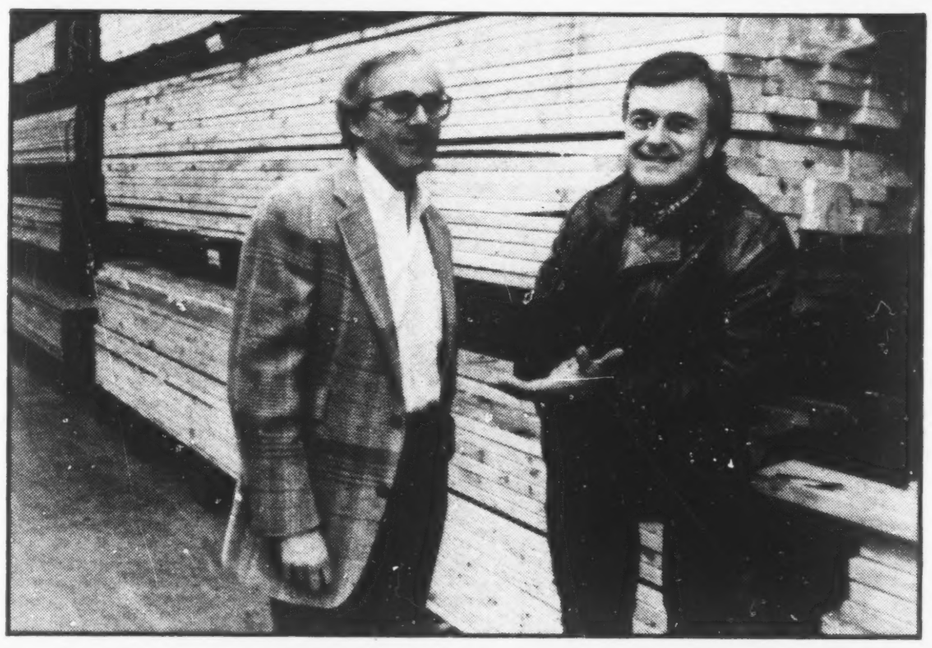
"The timing is right, now," said Fagen. "The concept [of warehouse retailing] is proven. Pittsburgh is a good market." Fagen added that available locations in the Pittsburgh area are "very hard to come by," so that moving on them now would guarantee a position that might not be obtainable later.

As the first step in his new warehouse venture, Fagen has signed deals for two parcels of land. One is north of Pittsburgh and the other is east.

Fagen said he planned to begin construction of the two new stores over the course of the next three months.

Future stores, said Fagen,

*(Continued on page 86)*



*Commodities are positioned prominently in Busy Beaver's first warehouse store. Pictured: Tom Herward (left), merchandising vp, and Charles Bender, president.* NHCN photo

# Busy Beaver unveils 1st warehouse store

**By Phillip M. Perry**
*NHCN senior editor*

BOARDMAN, Ohio — Busy Beaver Building Centers last month opened the first of what company officials are calling a new generation of their stores.

The 60,000-sq.-ft. unit, which opened Feb. 28 in this Youngstown suburb, is the largest to date for the 11-store chain and the first unit opened as a warehouse. It follows warehouse modifications made at the Niles, Ohio, Busy Beaver unit.

It is also the first warehouse home center for Youngstown (pop. 115,436), as other, larger, Ohio cities like Cleveland and Columbus heat up with warehouse competitors like Mr. HOW, Hechinger and B&B's DIY Home Warehouse.

While the store has been open for too brief a time for the company to judge its performance, according to Charles Bender, president, sales in the first few days were particularly strong in certain basic categories that management sees as the chain's strengths.

These categories—plumb-

*(Continued on page 86)*

# 'Superdollar' stymies U.S. firms at Cologne

**By Wyatt Kash**
*NHCN Editor*

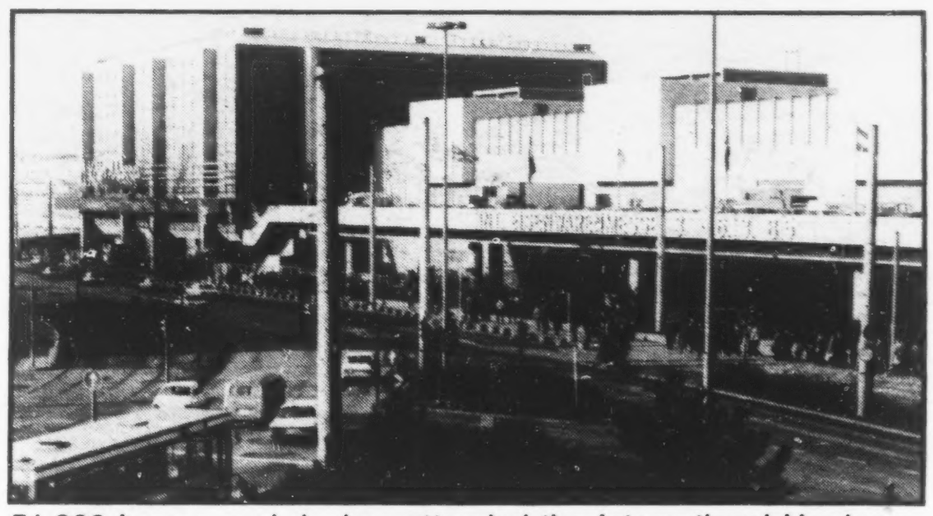
COLOGNE, West Germany — For many of the 62 American firms represented at the International Hardware Fair held here earlier this month, 1985 will go down in the export books as a year spent mostly on the sidelines.

An estimated 51,000 buyers and dealers attended the exhibition—21% more than last year—representing 78 countries. Nevertheless, the continuing high price of the U.S. dollar proved to be an almost insurmountable obstacle between American suppliers and most of the world's export markets.

At least, such was the case for most of 27 firms clustered in the U.S.A. pavilion at the entrance to Hall 10 at the Köln Messe convention center, as well as for other American firms out on their own among 1,880 exhibitors at the four-day exhibition.

"Traffic has been good, and the quality has been excellent," commented Robert Brady, president of Peterson Manufacturing, a Nebraska manufacturer that sells 25% of its production overseas.

Brady, who is also president this year of the American Hardware Manufacturers Assn., added however, that "if it weren't for the position of the dollar, [U.S. suppliers] would have seen immediate sales results. Instead, they're here for the future."



*51,000 buyers and dealers attended the International Hardware Fair at the Koln Messe convention center in Cologne.*

For companies like Black & Decker, The Stanley Works, the Cooper Group and Emhart, with major manufacturing facilities abroad, the superdollar was perhaps less of a factor, compared to mounting competition from European producers.

Indeed, Black & Decker, with over 8,000 sq. ft. of exhibition space, including 18 private meeting rooms and a staff of 100 sales and marketing representatives, was one of the busiest booths in the show, which covered several floors of six adjacent buildings.

Nevertheless, profits in European currencies still translated into fewer U.S. dollars for corporate headquarters in America. Emhart, for example,

*(Continued on page 6)*

## NEWSBREAKS

**DILLON BACK IN BIZ.** Ralph Dillon has been named president of Coast-to-Coast Stores, a hardware chain. He was president of Bowater until it was acquired by Home Depot late last year.

**BUILDERS SQUARE CALIF.-BOUND.** A former ice-skating rink in Riverside will be retrofitted into a 91,200-sq.-ft. warehouse store, marking Builders Square's West Coast debut June 1.

## INSIDE:

***Founder's exit clouds Mr. HOW's future*** —Page 2
***Boston replaced as head of Ernst Home Centers*** —Page 3
***Home Shops reveals $13.5 million debt*** —Page 5
***Houston still aglow in retailers' eyes*** —Page 51

NHCNews Briefs

# Industry Update

## Entz-White closes Phoenix unit

PHOENIX — Entz-White, which filed for Chapter 11 reorganization last August, has closed its store on East Camelback Road and sold the property to Jaren Corp., a Scottsdale real estate firm.

Jaren Corp. president Jerry Hirsch said he is considering leasing space to several retailers to utilize the 86,000-sq.-ft. facility, but has made no definite commitments.

Entz-White conducted a liquidation sale prior to the acquisition by Jaren Corp. The retailer was founded in 1952 by John Entz and Bish White as a lumberyard and hardware store and later developed into a specialty shopping center which included a deli-style restaurant and bar.

## Depot may sublet Phoenix space

PHOENIX — The Home Depot "may sublease some of the space" in its 105,000-sq.-ft. facility at Thomas Road and 32nd Street, president Arthur M. Blank said.

"We haven't made a decision, but I don't know if we can justify a 105,000-sq.-ft. store at that location," Blank said.

The facility, which opened in late spring 1984, was the last of four Home Depots to open in the Phoenix metro market. It is an ex-Woolco situated north of Sky Harbor International Airport.

The Home Depot has not decided what kind of concern it would be willing to share space with, Blank reported.

Overall, he added, "we're pleased with all four of our stores in Phoenix—both sales and profit performances."

Revenues at the Thomas Road warehouse "are about what we had projected," Blank said.

## Bean to direct Trump affiliate

NEW YORK — The Trump Group Acquisition Corp., an affiliate of the Trump Group formed last year when the financial concern acquired Seattle-based Pay 'n Save, has named Pay 'n Save chairman M. Lamont Bean to its board of directors.

Pay 'n Save spokesman Jim Konschuh said Bean "will be looking at potential investment opportunities on this side of the nation [West Coast] for the Trump Group." Bean will establish an office of the Trump Group Acquisition Corp. in Seattle.

## National begins retrofit program

FOUNTAIN VALLEY, Calif. — National Lumber has begun a $1 million, two-year chainwide retrofit program to add higher gondolas, wider aisles, and in some older units, air-conditioning and automatic doors.

The prototype for the remodeling is National Lumber's 15th and newest unit, in Ontario, Calif., which opened last November. Five stores are slated for remodeling this year and the remaining units will be finished in 1986.

On March 18, the chain was slated to relocate its executive offices from Santa Ana, where it was based for eight years, to this Orange County city.

National Lumber president Mel Jaffee said four stores, all 67,000-sq.-ft. build-to-suits, will open this year; Fullerton in July, Encinitas in August, San Bernardino in September and Fontana in October.

## HomeClub slates 3 new whses

FULLERTON, Calif. — HomeClub will open three warehouses, ranging from 85,000 sq. ft. to 100,000 sq. ft., in San Diego County by the fall of 1985, company officials announced.

The discount home center retailer also disclosed plans to open stores in the Los Angeles County cities of Montclair and El Monte.

In El Monte, HomeClub will open a 110,000-sq.-ft. warehouse in mid-May in an ex-Sears located at Peck Road and Interstate-10. A late fall opening is scheduled for a 90,000-sq.-ft. build-to-suit in Montclair, located on Central Avenue north of I-10.

Meantime, HomeClub has set tentative opening dates for previously announced warehouses in Santa Rosa, San Pablo and Sacramento.

The 90,000-sq.-ft. Santa Rosa facility will open in June. San Pablo, a retrofit of a J. J. Newbury, will open in September. In Sacramento, HomeClub will debut a 100,000-sq.-ft. build-to-suit in the Southgate Shopping Center on Florin Road in May and a 100,000-sq.-ft. build-to-suit on Madison Avenue at Auburn Boulevard in June.

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Vol. 11, No. 7 March 25, 1985

# Sher's departure clouds future of Mr. HOW Warehouse stores

By John Caulfield
*NHCN senior editor*

MARGATE, Fla. — During the last weekend in February, Pat Sher was in Chicago, where his chain, Mr. HOW Warehouse, was preparing for the March 10 closing of five recently purchased Forest City units, to be reopened six weeks later with a new format and name.

Steve Dougherty, Mr. HOW's executive vp, spent much of the same weekend in Florida, helping to move the company into its new headquarters a few miles south of its old location here.

By the following Monday, both men announced they were leaving the chain they had started three years earlier (*NHCN*, March 12)—Sher because of differences with Mr. HOW's parent, Service Merchandise, over the terms of his employment contract; and Dougherty because of his connection with Sher, with whom he had worked for more than five years.

Whether each man left of his own volition, or was forced out by Service's chairman, Ray Zimmerman, as some industry sources contend, is probably of less significance than what effect their departures will have on Mr. HOW's managerial stability and its long-term growth, on which Service is banking heavily.

"Mr. HOW is still an unproven entity, and Sher's leaving only adds to its uncertainty," said Kenneth Gassman, an analyst for Wheat First Securities in Richmond, Va. Craig Weichmann, an analyst with Morgan, Keegan & Co. in Memphis, was still assessing the damage, which he concluded would at the very least be a "temporary setback" to Service's expansion and development of the company it bought from Sher for $13.6 million in June 1983.

Zimmerman, who has temporarily taken the reins at Mr. HOW, told *NHCN* the chain was surviving its latest crisis,

Ray Zimmerman

and he did not expect there to be any dramatic changes in Mr. HOW's course. "We're living with what we've got, which has been pretty good so far," he said.

### Service depending on Mr. HOW

Indeed, estimates by security analysts and former employees peg Mr. HOW's annualized per store sales at between $15 million and $17 million, even though the chain lost an estimated $4 million to $5 million in 1984, and could lose the same amount in 1985, when it has more than 40 stores that should generate more than $300 million in sales.

Weichmann thought Mr. HOW has emerged as the "growth vehicle" Service Merchandise has been searching for in the past several years, as prospects for expansion of its own catalog showroom are expected to be modest this year.

In recent years, Service has attempted to diversify its operatons into other retailing areas, with marginal results. Its "Toy Store" chain, aimed at the market now dominated by Toys 'R Us, folded up; and, according to Weichmann, its "Computer Shoppe" chain, "Zimm's" jewelry stores and lingerie outlets called "The Lingerie Store" have yet to become proven winners.

"Service appears to have put all its eggs in Mr. HOW's basket, and it's evident it looks at the warehouse chain as a vehicle to drive its long-term profitability," he said. Weichmann expects Mr. HOW to start turning a profit in 1986; Gassman of Wheat First thinks it could be as early as late 1985.

However, sales and earnings growth at Mr. HOW Warehouse will depend on more than just opening new stores in a raft of markets. Over the next two years, the chain will need to meet a number of challenges in orde: to achieve the heady projections of analysts and its own parent company.

For one thing, Mr. HOW is only now catching up to the precision and sophistication of its stores' computer system, which copies the one used in Service's own stores. Sher concedes that the system was designed "for a higher volume, larger chain," but insisted Mr. HOW would need equipment that can perform at this level as the company expands.

He also thought that the company will now "have to be operated as a chain, instead of an independent." All last year, Sher and Dougherty began bringing on a new layer of management to run a bigger company. These included Jack Kopkin, who worked with Sher at Lindsley Home Centers, and Norman Darrer from Evans Products. Darrer was described by one industry source as the "brains" behind the development of warehouse stores at Grossman's.

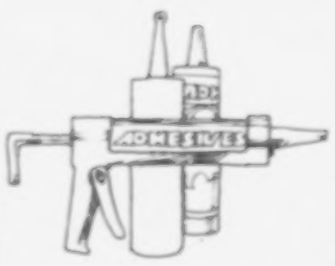
In addition, Tom Cawley was hired from P-K Home Centers in Dayton as Mr. HOW's divisional merchandise manager; and Jack Banville and Dick Shank were brought over from Service as, respectively, Mr. HOW's vp-personnel and chief financial officer.

It has been suggested by some in the industry that many

*(Continued on page 86)*

## Highlights in this issue

### Merchandising

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- Dealers see need for more caulking and adhesive information. —Page 23
- What's happening at The Estate of George Snyder. —Page 25
- Wood foundations gain popularity with builders. —Page 31


### Ad & Marketing


- Consumer goal pulls supplier into DIY market. —Page 39
- Television commercials join Kohler's slick ad campaign. —Page 39
- Straw poll changes thrust of Hancock Lumber's ads. —Page 48


### Special Report: The Houston Market

- The Houston market is alive with activity. And while retail business is down because new construction is off, it certainly isn't dead. Retailers continue to believe that the city's energized spirit will revive the economy and the once strong business environment will return. —Page 51


### Systems & Operations


- Midwest co-op launches system to computerize communications. —Page 68
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- Sunday business laws vary widely. —Page 56

## FINANCIAL NEWS

14 Gainers

2 Unchanged

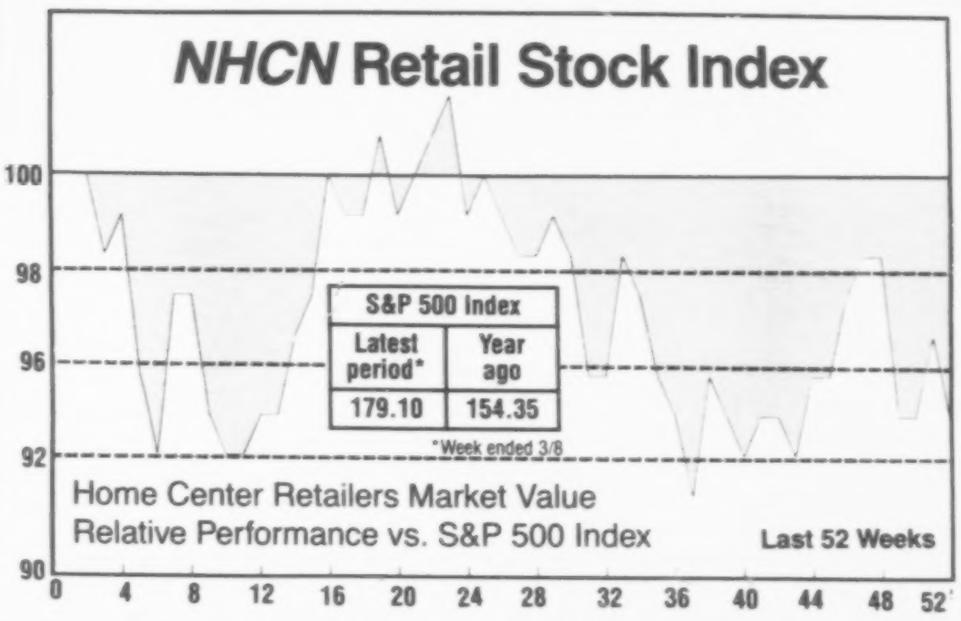
38 Losers

Evans Products, which has been mired in financial difficulties, (*see stories, page 1*), led a parade of 38 home center stocks which declined over the two-week period ended March 8. Two home center issues remained unchanged and 14 stocks gained ground during the period—a big reversal from the previous two months when gainers outnumbered losers by at least a 2-to-1 margin at the end of each two-week period.

The *NHCN* Retail Stock Index fell to 94.0, relative to the S&P 500 Index, which closed at 24.75 points above its year-ago level.

Trading on Evans' stock continued at a torrid pace. Its volume trend change of 410.2% illustrates the increased number of shares traded over the past two-week period, as a per cent of outstanding shares, than the average for Evans' stock over the past quarter. This is the second period in a row that Evans has led home center stocks in volume surge. Evans' stock price plunged $2.25 or 45% over the past two weeks to close at $2.75, just 50¢ above its 52-week low.

Among the other home center losers were Homecrafters Warehouse, down 11.7% to $8.50; Hechinger B common stock, down 8.3% to $25, and Pay 'N Pak and National Lumber, both down 5.5%.




## MOST ACTIVE STOCKS

| Company & Market | Total 2-Week Volume | Volume Trend Change | 2-Week Price Change |
|---|---|---|---|
| | (100) | % | % |
| Evans Prod N | 9,655 | 410.2 | - 45.0 |
| Am Standard N | 11,207 | 272.7 | - .7 |
| Clopay Corp A | 281 | 254.5 | 13.0 |
| SW Forest Ind N | 4,750 | 245.9 | 10.7 |
| Boise Cascade N | 20,607 | 229.6 | - 1.5 |
| MacMillin Bldel N | 187 | 200.0 | - 2.0 |
| Allegheny Int N | 2,162 | 188.7 | - .5 |
| Pope & Talbot N | 563 | 154.1 | - 6.3 |
| Triangle Pac N | 2,302 | 146.1 | - .4 |
| Hines Ed Lumber O | 104 | 145.8 | - 2.5 |

## TOP GAINERS

| Company & Market | 2-Weeks Ended 3-08-85 | 2-Week Price Change | Total 2-Week Volume |
|---|---|---|---|
| | $ | % | (100) |
| Clopay Corp A | 26.13 | 13.0 | 281 |
| SW Forest Ind N | 15.50 | 10.7 | 4,750 |
| Scott Seabd O | 1.38 | 10.0 | 18 |
| Potlatch Cp N | 35.75 | 8.3 | 2,031 |
| Newell Cos N | 19.00 | 7.8 | 683 |

## TOP LOSERS

| Company & Market | 2-Weeks Ended 3-08-85 | 2-Week Price Change | Total 2-Week Volume |
|---|---|---|---|
| | $ | % | (100) |
| Evans Prod N | 2.75 | - 45.0 | 9,655 |
| Homecrafters Whse M | 8.50 | - 11.7 | 1,821 |
| Georgia-Pacific N | 23.13 | - 8.9 | 30,910 |
| Supermkts Gen N | 34.50 | - 8.9 | 2,455 |
| Hechinger B M | 25.00 | - 8.3 | 1,179 |

Home Center News

# HOME CENTER INDUSTRY MARKET SUMMARY

### Stock Market

| Company and Market | 2-Weeks Ended 3-08-85 | Price 2-Weeks Change Amt. | Price 2-Weeks Change Pct. | Price 2-Week Range High | Price 2-Week Range Low | Price 52-Week Range High | Price 52-Week Range Low | Volume 2-Weeks Shares Traded Total | Volume 2-Weeks Shares Traded % Out | Volume 12-Week Avg. Vol. As % Out | Volume Trend Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | % | $ | $ | $ | $ | (100) | % | % | % |
| **Retailers** | | | | | | | | | | | |
| Boise Cascade N | 41.25 | - .63 | - 1.5 | 41.88 | 38.75 | 44.63 | 32.50 | 20,607 | 7.45 | 2.26 | 229.6 |
| Color Tile M | 19.25 | - .13 | - .6 | 20.00 | 18.75 | 20.00 | 13.63 | 8,531 | 9.27 | 4.37 | 112.1 |
| Edison Bros N | 33.13 | - 2.50 | - 7.0 | 35.75 | 33.13 | 39.75 | 32.50 | 972 | .96 | .65 | 47.7 |
| Erb Lumber O | 21.00 | .00 | .0 | 22.00 | 21.00 | 24.50 | 18.00 | 40 | .45 | .26 | 73.1 |
| Evans Prod N | 2.75 | - 2.25 | - 45.0 | 5.25 | 2.25 | 7.88 | 2.25 | 9,655 | 6.99 | 1.37 | 410.2 |
| Forest City Ent A | 22.13 | .50 | 2.3 | 22.25 | 21.75 | 22.25 | 15.00 | 46 | .11 | .19 | - 42.1 |
| Grace W R N | 40.75 | .25 | .6 | 41.63 | 40.38 | 44.50 | 36.50 | 10,080 | 2.08 | 1.06 | 96.2 |
| Hechinger A M | 24.25 | - .50 | - 2.0 | 24.50 | 24.00 | 25.00 | 13.50 | 1,176 | 1.68 | 1.37 | 22.6 |
| Hechinger B M | 25.00 | - 2.25 | - 8.3 | 26.75 | 25.00 | 27.25 | 14.00 | 1,179 | .65 | .36 | 80.6 |
| Hines Ed Lumber O | 39.50 | - 1.00 | - 2.5 | 41.50 | 39.50 | 43.75 | 32.50 | 104 | .59 | .24 | 145.8 |
| Homecrafters Whse M | 8.50 | - 1.13 | - 11.7 | 9.75 | 8.50 | 16.25 | 5.25 | 1,821 | 6.45 | 2.85 | 126.3 |
| Home Depot N | 18.88 | .13 | .7 | 20.00 | 18.50 | 27.88 | 12.00 | 9,042 | 3.62 | 1.93 | 87.6 |
| K mart Cp N | 34.88 | - .38 | - 1.1 | 36.63 | 34.63 | 41.50 | 26.75 | 49,386 | 3.94 | 2.07 | 90.3 |
| Lowe's Cos N | 28.13 | - 1.13 | - 3.8 | 29.25 | 27.75 | 30.00 | 16.25 | 5,927 | 1.64 | 1.16 | 41.4 |
| Mich General A | 7.13 | - .38 | - 5.0 | 7.63 | 6.50 | 8.50 | 4.63 | 2,380 | 2.10 | 1.35 | 55.6 |
| Natl Lumber M | 6.50 | - .38 | - 5.5 | 7.00 | 6.25 | 8.75 | 4.50 | 460 | .82 | .65 | 26.2 |
| Pay N Pak N | 13.00 | - .75 | - 5.5 | 13.75 | 12.88 | 17.50 | 11.50 | 2,872 | 2.87 | 1.54 | 86.4 |
| Payless Cash N | 19.50 | - .25 | - 1.3 | 20.25 | 18.25 | 21.25 | 13.50 | 8,116 | 2.51 | 2.40 | 4.6 |
| Scott Seabd O | 1.38 | .13 | 10.0 | 1.63 | 1.25 | 3.25 | 1.00 | 18 | .10 | .20 | - 50.0 |
| Scotty's Inc N | 14.88 | - .63 | - 4.0 | 15.63 | 14.75 | 16.38 | 11.38 | 1,184 | .89 | .58 | 53.4 |
| Sears, Roebuck N | 34.88 | - .63 | - 1.8 | 36.25 | 34.63 | 37.63 | 29.50 | 46,471 | 1.29 | .87 | 48.3 |
| SW Forest Ind N | 15.50 | 1.50 | 10.7 | 15.88 | 13.50 | 22.50 | 13.50 | 4,750 | 5.12 | 1.48 | 245.9 |
| Std Brd Prt N | 20.63 | - .25 | - 1.2 | 21.00 | 20.25 | 22.00 | 16.50 | 2,522 | 2.26 | 1.99 | 13.6 |
| Supermkts Gen N | 34.50 | - 3.38 | - 8.9 | 37.63 | 34.38 | 38.75 | 19.75 | 2,455 | 1.38 | .88 | 56.8 |
| Wickhan Lumber M | 6.38 | - .25 | - 3.8 | 6.75 | 6.13 | 7.00 | 4.00 | 872 | 1.49 | 1.06 | 40.6 |
| **Wholesalers** | | | | | | | | | | | |
| Lewis Palmer M | 9.25 | .25 | 2.8 | 9.50 | 8.75 | 9.75 | 7.09 | 1,049 | 2.81 | 1.54 | 82.5 |
| **Manufacturers** | | | | | | | | | | | |
| Allegheny Int N | 27.25 | - .13 | - .5 | 27.50 | 26.75 | 28.75 | 18.75 | 2,162 | 2.05 | .71 | 188.7 |
| Am Standard N | 33.13 | - .25 | - .7 | 34.50 | 32.75 | 35.38 | 22.88 | 11,207 | 2.87 | .77 | 272.7 |
| Armstrng Wrld N | 35.50 | - .38 | - 1.0 | 37.25 | 35.38 | 38.00 | 22.88 | 7,966 | 3.34 | 1.76 | 89.8 |
| Black & Decker N | 25.00 | .13 | .5 | 25.38 | 23.00 | 26.88 | 17.25 | 21,338 | 4.24 | 1.89 | 124.3 |
| Certain-teed N | 24.63 | - 1.50 | - 5.7 | 26.13 | 24.38 | 27.13 | 15.75 | 2,481 | 1.31 | .76 | 72.4 |
| Champ Intl N | 22.00 | - .38 | - 1.7 | 23.25 | 21.50 | 26.75 | 16.88 | 28,554 | 3.08 | 1.77 | 74.0 |
| Clopay Corp A | 26.13 | 3.00 | 13.0 | 26.75 | 23.00 | 26.75 | 13.63 | 281 | 2.34 | .66 | 254.5 |
| DeSoto Inc N | 37.38 | .38 | 1.0 | 37.88 | 36.25 | 37.88 | 26.50 | 538 | 1.13 | .49 | 130.6 |
| Emhart Corp N | 30.00 | .50 | 1.7 | 30.63 | 29.00 | 32.25 | 24.53 | 2,088 | .76 | .50 | 52.0 |
| Georgia-Pacific N | 23.13 | - 2.25 | - 8.9 | 26.00 | 22.63 | 27.38 | 18.00 | 30,910 | 3.02 | 1.57 | 57.3 |
| Insilco Corp N | 19.88 | - 1.50 | - 7.0 | 21.75 | 19.88 | 21.75 | 14.00 | 2,137 | 1.26 | .79 | 59.5 |
| La Pacific N | 22.25 | .00 | .0 | 23.63 | 21.88 | 24.88 | 16.50 | 3,827 | 1.11 | 1.08 | 2.8 |
| MacMillin Bldel N | 18.63 | - .38 | - 2.0 | 18.75 | 18.50 | 23.97 | 16.84 | 187 | .06 | .02 | 200.0 |
| Manville Cp N | 7.38 | - .38 | - 4.8 | 8.00 | 7.00 | 11.75 | 5.50 | 10,969 | 4.57 | 2.31 | 97.8 |
| Masco Corp N | 30.50 | - 1.50 | - 4.7 | 32.50 | 30.25 | 33.50 | 22.50 | 8,378 | 1.48 | .71 | 108.5 |
| Natl Gypsum N | 43.13 | - .50 | - 1.1 | 44.25 | 41.75 | 45.25 | 27.00 | 4,136 | 2.66 | 1.95 | 36.4 |
| Newell Cos N | 19.00 | 1.38 | 7.8 | 19.00 | 17.25 | 19.00 | 13.25 | 683 | .79 | .46 | 71.7 |
| Owens Corning N | 32.88 | - 2.50 | - 7.1 | 35.25 | 32.50 | 37.00 | 25.13 | 7,287 | 2.47 | 1.53 | 61.4 |
| Pope & Talbot N | 18.63 | - 1.25 | - 6.3 | 19.88 | 18.00 | 22.75 | 15.00 | 563 | .94 | .37 | 154.1 |
| Potlatch Cp N | 35.75 | 2.75 | 8.3 | 38.13 | 33.00 | 38.13 | 25.75 | 2,031 | 1.32 | 1.01 | 30.7 |
| Sherwin-Wms N | 31.88 | .88 | 2.9 | 32.50 | 30.63 | 35.25 | 23.63 | 4,171 | 1.85 | 1.27 | 45.7 |
| Stanley Works N | 28.63 | - 1.00 | - 3.4 | 30.38 | 28.25 | 30.38 | 19.50 | 4,614 | 1.71 | 1.60 | 6.9 |
| Thos Inds N | 16.75 | - 1.50 | - 8.2 | 18.50 | 16.50 | 18.88 | 12.38 | 587 | .89 | .30 | 130.0 |
| Triangle Pac N | 30.38 | - .13 | - .4 | 30.63 | 29.75 | 31.25 | 26.75 | 2,302 | 5.66 | 2.30 | 146.1 |
| USG Corp N | 70.00 | .75 | 1.1 | 70.75 | 67.75 | 71.25 | 45.00 | 3,680 | 2.23 | 2.20 | 1.4 |
| Walter, Jim N | 33.75 | - 2.63 | - 7.2 | 36.13 | 32.63 | 37.00 | 22.00 | 8,091 | 3.85 | 1.87 | 105.9 |
| Waxman Ind M | 17.50 | - .75 | - 4.1 | 18.75 | 17.25 | 19.00 | 4.25 | 437 | 2.58 | 1.69 | 52.7 |
| Weyerhaeuser N | 30.00 | - .75 | - 2.4 | 31.13 | 29.25 | 34.00 | 25.00 | 27,144 | 2.09 | .96 | 117.7 |

### Financial Update

| Company and Market | P/E Ratio | Indicated Divd. Rate Amt. | Indicated Divd. Rate Yld. | Latest Report New Report | Latest Report Period | Latest Report Date Ended | Latest Quarter Revenue Amt. | Latest Quarter Revenue Chg. | Latest Quarter Net Income Amt. | Latest Quarter Net Income Chg. | Latest Quarter E.P.S. Amt. | Latest Quarter E.P.S. Chg. | Year-to-Date Revenue Amt. | Year-to-Date Revenue Chg. | Year-to-Date Net Income Amt. | Year-to-Date Net Income Chg. | Year-to-Date E.P.S. Amt. | Year-to-Date E.P.S. Chg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | - | $ | % | - | - | - | $Mil | % | $Mil | % | $ | % | $Mil | % | $Mil | % | $ | % |
| **Retailers** | | | | | | | | | | | | | | | | | | |
| Boise Cascade N | 18.5 | 1.90 | 4.6 | ..... | fiscal | 12-84 | 907.2 | .7 | (24.5) | - 100.0 | (1.01) | - 100.0 | 3816.9 | 10.6 | 69.6 | 15.2 | 2.23 | 16.8 |
| Color Tile M | 12.9 | .00 | .0 | ..... | 6 mos. | 12-84 | 83.2 | 21.1 | 3.4 | - 5.6 | .37 | 2.8 | 158.7 | 20.7 | 6.2 | - 1.6 | .68 | 9.7 |
| Edison Bros N | 10.4 | 1.60 | 4.8 | NEW | fiscal | 12-84 | 277.2 | - 9.3 | 8.4 | - 61.3 | .82 | - 59.0 | 1054.7 | 3.3 | 32.9 | - 32.7 | 3.19 | - 29.3 |
| Erb Lumber O | 9.8 | .00 | .0 | ..... | 9 mos. | 09-84 | 43.3 | 1.6 | 1.2 | - 7.7 | 1.30 | - 11.0 | 113.6 | 11.2 | 2.1 | - 4.5 | 2.29 | - 6.1 |
| Evans Prod N | NE | .00a | .0 | ..... | 9 mos. | 09-84 | 404.2 | 10.6 | (12.6) | NE | (.99) | NE | 1030.0 | 6.1 | (52.6) | NE | (4.04) | NE |
| Forest City Ent A | 71.4 | .15 | .7 | ..... | 9 mos. | 10-84 | 85.8 | 284.8 | 2.7 | NC | .34 | NC | 256.5 | 37.5 | 3.1 | - 35.4 | .39 | - 35.0 |
| Grace W R N | 10.1 | 2.80 | 6.9 | ..... | fiscal | 12-84 | 1830.8 | 4.4 | 59.1 | 13.0 | 1.22 | 2.5 | 6727.8 | 8.2 | 195.6 | 27.0 | 4.02 | 26.8 |
| Hechinger A M | NA | .16 | .7 | ..... | | 00-00 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Hechinger B M | 22.7 | .10 | .4 | ..... | 9 mos. | 10-84 | 100.4 | 28.7 | 4.7 | 30.6 | .26 | 36.8 | 302.7 | 31.3 | 14.8 | 33.3 | .81 | 32.8 |
| Hines Ed Lumber O | 25.7 | 1.00 | 2.5 | ..... | 9 mos. | 09-84 | 85.5 | 20.4 | 2.2 | 144.4 | 1.24 | 148.0 | 212.4 | 13.2 | 2.3 | 53.3 | 1.30 | 52.9 |
| Homecrafters Whse M | 40.5 | .00 | .0 | ..... | fiscal | 12-83 | 26.1 | NC | .2 | NC | .05 | NC | 104.5 | NC | .8 | NC | .21 | NC |
| Home Depot N | 34.3 | .00 | .0 | ..... | 9 mos. | 10-84 | 100.5 | 56.8 | 3.3 | 43.5 | .13 | 44.4 | 315.4 | 81.6 | 10.5 | 50.0 | .42 | 50.0 |
| K mart Cp N | 8.3 | 1.24 | 3.6 | ..... | 9 mos. | 10-84 | 4993.3 | 15.3 | 92.4 | 13.5 | .71 | 12.7 | 14720.4 | 9.8 | 294.8 | 21.0 | 2.27 | 20.1 |
| Lowe's Cos N | 16.8 | .32 | 1.1 | ..... | 9 mos. | 10-84 | 447.7 | 17.2 | 17.6 | 23.9 | .49 | 25.6 | 1312.9 | 19.4 | 50.9 | 23.8 | 1.41 | 23.7 |
| Mich General A | 24.6 | .00 | .0 | ..... | 9 mos. | 09-84 | 123.9 | 327.2 | 2.0 | 122.2 | .18 | 200.0 | 344.3 | 335.8 | 4.8 | 45.5 | .42 | - 16.0 |
| Natl Lumber M | 32.5 | .00 | .0 | ..... | 9 mos. | 09-84 | 33.7 | 10.9 | .3 | - 66.7 | .05 | - 73.7 | 96.1 | 14.4 | 1.0 | - 52.4 | .18 | - 60.0 |
| Pay N Pak N | 11.5 | .60 | 4.6 | ..... | 9 mos. | 11-84 | 81.5 | 20.0 | 2.7 | - 15.6 | .27 | - 20.6 | 243.7 | 24.3 | 8.9 | 14.1 | .89 | 2.3 |
| Payless Cash N | 17.0 | .16 | .8 | ..... | fiscal | 11-84 | 330.5 | 31.7 | 9.5 | - 6.9 | .29 | - 23.7 | 1174.4 | 35.9 | 37.2 | 7.5 | 1.15 | - 10.9 |
| Scott Seabd O | NE | .00 | .0 | ..... | 9 mos. | 10-84 | 9.0 | 3.4 | .0 | - 100.0 | (.01) | - 100.0 | 29.5 | 7.3 | .2 | - 75.0 | .12 | - 70.7 |
| Scotty's Inc N | 10.7 | .52 | 3.5 | ..... | 6 mos. | 12-84 | 109.6 | 9.3 | 3.6 | 9.1 | .26 | .0 | 211.3 | 8.0 | 7.0 | 7.7 | .52 | .0 |
| Sears, Roebuck N | 8.7 | 1.76 | 5.0 | ..... | fiscal | 12-84 | 11097.7 | 2.1 | 558.3 | - 4.2 | 1.54 | - 6.7 | 38830.0 | 7.8 | 1450.0 | 8.0 | 4.01 | 5.5 |
| SW Forest Ind N | 18.7 | .00 | .0 | ..... | fiscal | 12-84 | 189.9 | 47.3 | .9 | NE | (.06) | NE | 777.4 | 22.2 | 14.0 | NE | .83 | NE |
| Std Brd Prt N | 11.7 | .54 | 2.6 | ..... | 9 mos. | 10-84 | 81.5 | 2.4 | 5.3 | - 3.6 | .48 | - 2.0 | 244.2 | 6.1 | 16.3 | 6.5 | 1.47 | 6.5 |
| Supermkts Gen N | 14.0 | .42 | 1.2 | ..... | 9 mos. | 10-84 | 1149.7 | 30.6 | 10.4 | 33.3 | .58 | 31.8 | 3010.6 | 15.7 | 30.3 | 11.8 | 1.70 | 11.1 |
| Wickhan Lumber M | 14.2 | .16 | 2.5 | NEW | fiscal | 12-84 | 36.2 | 27.0 | .8 | 300.0 | .14 | 250.0 | 139.2 | 23.8 | 2.6 | 100.0 | .45 | 9[illegible] |
| **Wholesalers** | | | | | | | | | | | | | | | | | | |
| Lewis Palmer M | 14.2 | .28b | 3.0 | NEW | 6 mos. | 07-84 | 40.3 | 19.9 | .5 | - 16.7 | .15 | - 21.1 | 69.4 | 17.0 | .8 | 14.3 | .25 | - 7.4 |
| **Manufacturers** | | | | | | | | | | | | | | | | | | |
| Allegheny Int N | NE | 1.40 | 5.1 | ..... | fiscal | 12-84 | 354.1 | - 44.0 | (17.6) | - 100.0 | (2.53) | - 100.0 | 2115.3 | - 9.9 | 14.9 | - 47.3 | (2.51) | NE |
| Am Standard N | 10.8 | 1.60 | 4.8 | ..... | fiscal | 12-84 | 862.4 | 50.1 | 30.8 | 71.1 | .78 | 20.0 | 3214.5 | 47.4 | 114.9 | 83.5 | 3.07 | 35.2 |
| Armstrng Wrld N | 9.4 | 1.20 | 3.4 | ..... | fiscal | 12-84 | 382.4 | 7.4 | 18.8 | 43.5 | .79 | 51.9 | 1569.2 | 9.0 | 92.2 | 46.1 | 3.79 | 49.8 |
| Black & Decker N | 12.8 | .64 | 2.6 | ..... | 3 mos. | 12-84 | 503.0 | 40.5 | 29.0 | 8.6 | .57 | 1.8 | 503.0 | 40.5 | 29.0 | 8.6 | .57 | 1.8 |
| Certain-teed N | 11.3 | .70 | 2.8 | ..... | fiscal | 12-84 | 273.8 | 5.8 | 13.9 | 73.8 | .70 | 89.2 | 1189.6 | 14.3 | 43.5 | 31.0 | 2.17 | 25.4 |
| Champ Intl N | NE | .40 | 1.8 | ..... | fiscal | 12-84 | 1690.4 | 56.7 | (115.4) | - 100.0 | (2.14) | - 100.0 | 5121.1 | 20.1 | (6.0) | - 100.0 | (.36) | - 100.0 |
| Clopay Corp A | 12.9 | .16 | .6 | ..... | fiscal | 12-84 | 36.4 | 13.8 | .9 | 28.6 | .76 | 40.7 | 134.0 | 13.0 | 2.5 | 66.7 | 2.02 | 68.3 |
| DeSoto Inc N | 10.5 | 1.40 | 3.7 | ..... | fiscal | 12-84 | 78.2 | 39.6 | 3.7 | - 2.6 | .71 | 6.0 | 407.4 | 22.7 | 19.6 | 10.7 | 3.56 | 12.3 |
| Emhart Corp N | 9.2 | 1.27b | 4.2 | ..... | fiscal | 12-84 | 448.7 | .8 | 25.2 | - 11.9 | .69 | - 33.0 | 1795.0 | 6.5 | 90.0 | 6.8 | 3.27 | 6.9 |
| Georgia-Pacific N | 23.8 | .80 | 3.5 | ..... | fiscal | 12-84 | 1348.0 | - 17.9 | (99.0) | - 100.0 | (1.02) | - 100.0 | 6682.0 | 3.3 | 119.0 | 13.3 | .97 | .0 |
| Insilco Corp N | 10.4 | 1.00b | 5.0 | ..... | fiscal | 12-84 | 180.9 | 12.1 | 7.3 | 5.8 | .42 | 5.0 | 786.9 | 16.7 | 33.0 | - 3.8 | 1.91 | - 4.5 |
| La Pacific N | 18.1 | .78b | 3.5 | ..... | fiscal | 12-84 | 283.7 | - 3.0 | 21.0 | 195.8 | .64 | 204.8 | 1230.0 | 11.6 | 42.2 | 51.3 | 1.23 | 50.0 |
| MacMillin Bldel N | NE | .00a | .0 | ..... | 9 mos. | 09-84 | 603.0 | 21.3 | 7.5 | 1150.0 | .04 | NE | 1549.1 | 1.7 | (4.7) | NE | (.78) | NE |
| Manville Cp N | 3.4 | .00 | .0 | NEW | fiscal | 12-84 | 472.6 | 9.6 | 18.2 | 1416.7 | .50 | NE | 1873.5 | 8.3 | 77.2 | 14.9 | 2.18 | 23.9 |
| Masco Corp N | 15.3 | .56 | 1.8 | ..... | fiscal | 12-84 | 214.7 | - 20.9 | 21.7 | - 27.2 | .33 | - 35.3 | 1019.7 | - 3.8 | 115.9 | 8.7 | 2.00 | 8.7 |
| Natl Gypsum N | 6.3 | 2.00 | 4.6 | ..... | fiscal | 12-84 | 429.2 | 38.7 | 25.2 | 37.0 | 1.62 | 45.9 | 1717.5 | 51.9 | 106.8 | 116.6 | 6.86 | 127.9 |
| Newell Cos N | 11.7 | .50 | 2.6 | ..... | fiscal | 12-84 | 89.8 | 24.5 | 4.2 | 16.7 | .46 | 12.2 | 308.4 | 30.2 | 14.2 | 9.2 | 1.62 | 6.6 |
| Owens Corning N | 8.5 | 1.40 | 4.3 | ..... | fiscal | 12-84 | 756.0 | 2.7 | 33.6 | 2.4 | 1.14 | - .9 | 3021.2 | 9.7 | 113.9 | 42.9 | 3.87 | 39.7 |
| Pope & Talbot N | NE | .80 | 4.3 | ..... | fiscal | 12-84 | 79.1 | 6.5 | (4.7) | - 100.0 | (.79) | - 100.0 | 320.8 | 12.2 | (.6) | - 100.0 | (.10) | - 100.0 |
| Potlatch Cp N | 12.8 | 1.56 | 4.4 | ..... | fiscal | 12-84 | 236.1 | 1.2 | 10.0 | - 1.0 | .58 | 16.0 | 993.9 | 9.6 | 49.6 | 22.5 | 2.80 | 37.9 |
| Sherwin-Wms N | 11.2 | .92 | 2.9 | ..... | fiscal | 12-84 | 501.5 | 6.8 | 9.1 | 24.7 | .41 | 17.1 | 2075.2 | 5.2 | 65.0 | 17.3 | 2.84 | 22.4 |
| Stanley Works N | 11.0 | .96 | 3.4 | ..... | fiscal | 12-84 | 306.0 | 16.3 | 22.4 | 7.2 | .81 | 8.0 | 1158.4 | 17.8 | 72.4 | 36.6 | 2.60 | 35.4 |
| Thos Inds N | 9.0 | .62b | 3.7 | ..... | fiscal | 12-84 | 77.1 | 30.7 | 3.9 | 11.4 | .46 | 12.2 | 291.7 | 31.4 | 15.9 | 39.5 | 1.87 | 29.0 |
| Triangle Pac N | 9.2 | 1.00 | 3.3 | ..... | fiscal | 12-84 | 63.1 | 7.5 | 2.9 | .0 | .71 | 1.4 | 270.6 | 19.8 | 13.6 | 19.3 | 3.30 | 17.9 |
| USG Corp N | 6.2 | 3.00 | 4.3 | NEW | fiscal | 12-84 | NC | NC | (145.1) | - 100.0 | 2.48 | 47.6 | 2.3 | - 99.9 | .2 | - 99.8 | 11.27 | 136.3 |
| Walter, Jim N | 7.2 | 1.40 | 4.1 | NEW | 3 mos. | 11-84 | 558.3 | - 1.1 | 27.1 | 21.0 | 1.24 | 20.4 | 558.3 | - 1.1 | 27.1 | 21.0 | 1.24 | 20.4 |
| Waxman Ind M | 16.4 | .06 | .3 | ..... | 6 mos. | 12-84 | 20.4 | 121.7 | .5 | 150.0 | .30 | 233.3 | 40.9 | 109.7 | 1.2 | 200.0 | .70 | 204.3 |
| Weyerhaeuser N | 19.7 | 1.30 | 4.3 | ..... | fiscal | 12-84 | 1407.8 | 11.7 | 27.4 | - 60.9 | .16 | - 67.3 | 5549.7 | 13.7 | 226.2 | 10.4 | 1.52 | 11.8 |

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

**Reporting period**
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

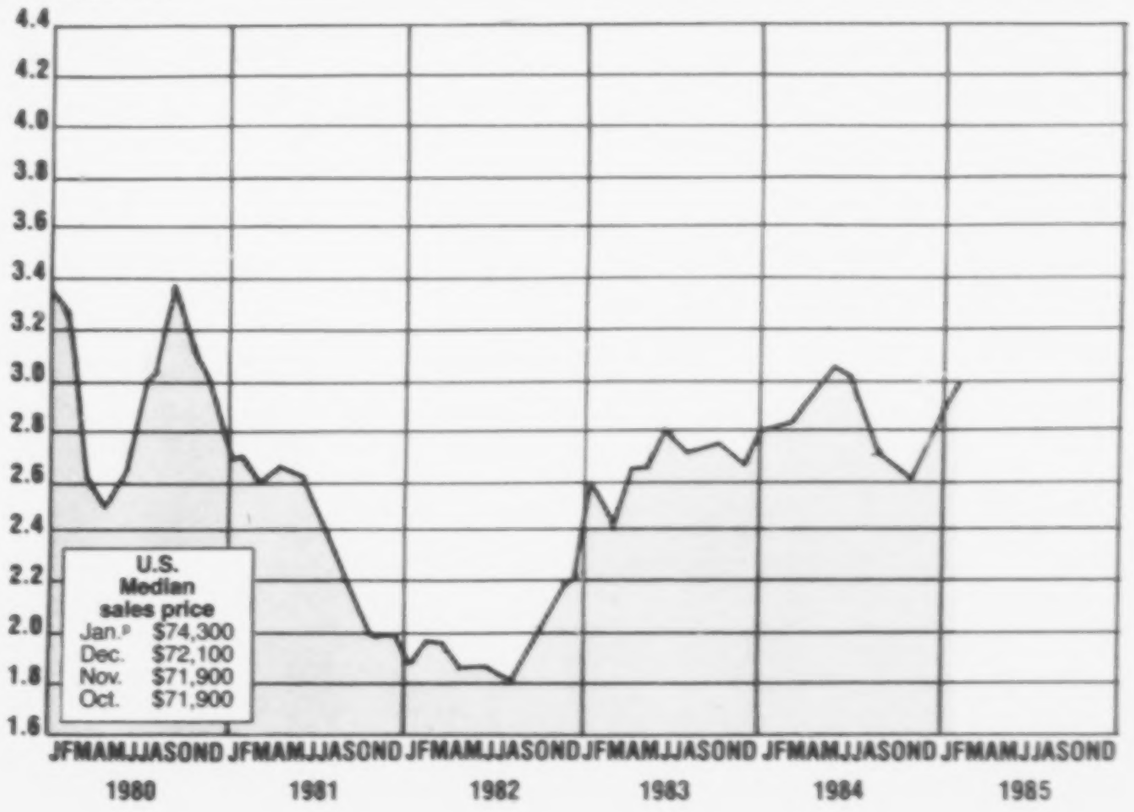
**General Field Footnotes**
All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

**Market**
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

## HOUSING WATCH

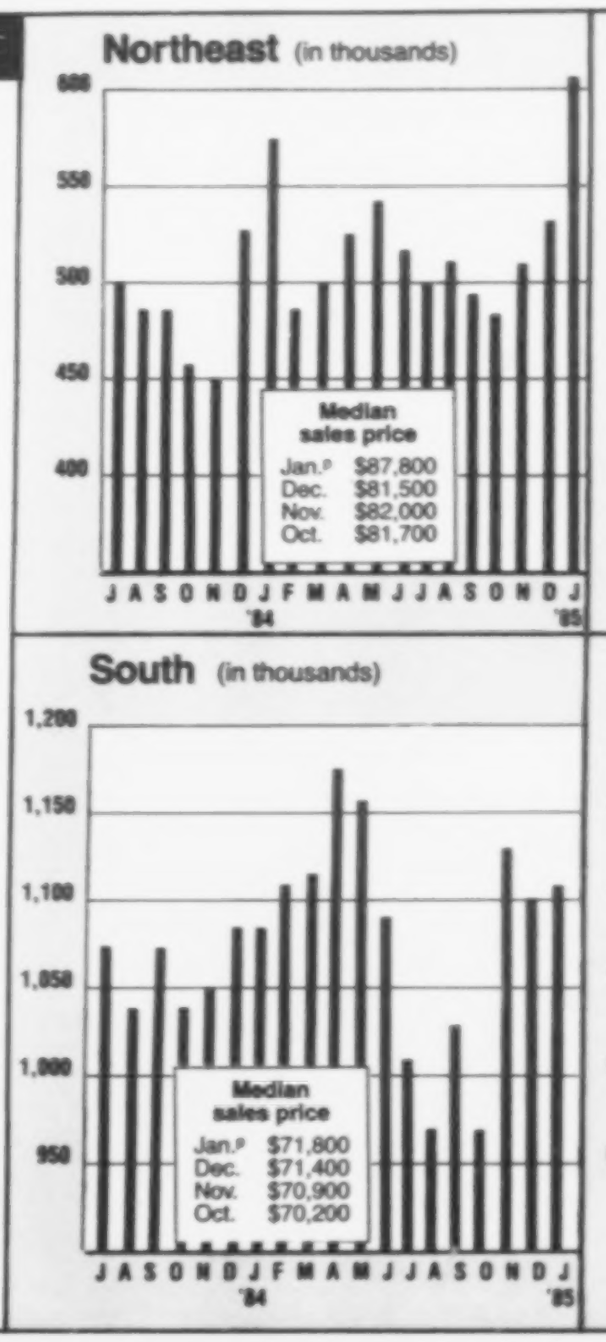
### Existing single-family home sales

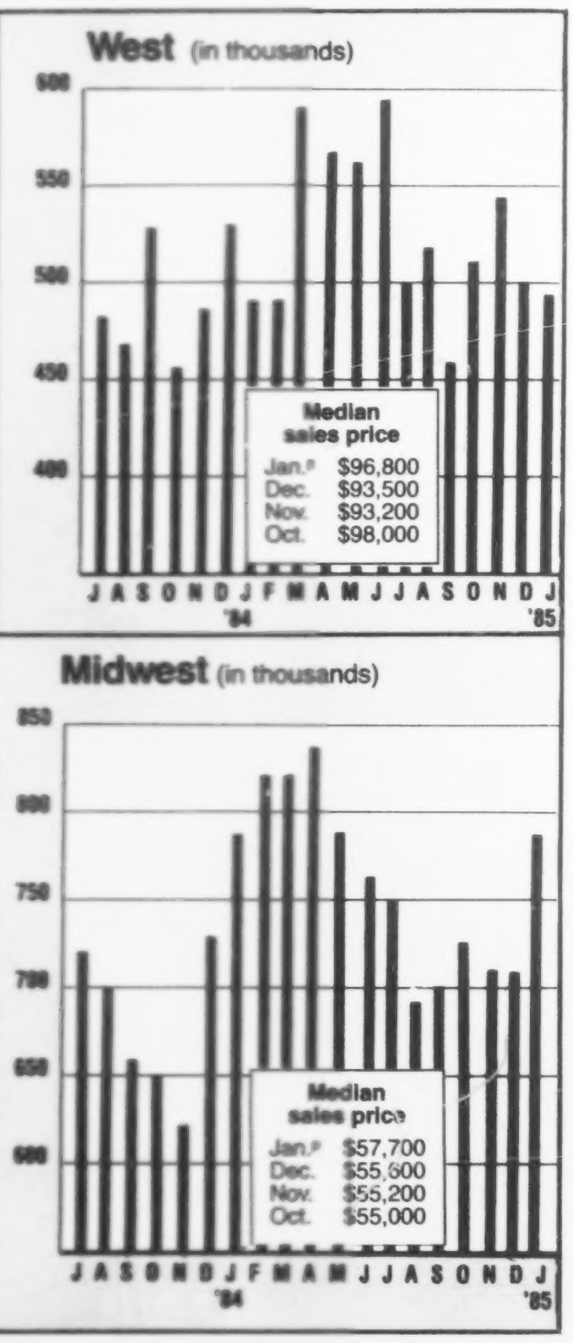



*Home resales rose to three million, seasonally adjusted in January, the highest rate since Aprii 1984, according to the Nat'l Assn of Realtors. It was the fourth consecutive month of increase in home resale activity—4.5% above December's rate—and reflects continuing relatively low interest rates on both fixed and adjustable-rate mortgages.*

p = preliminary r = revised

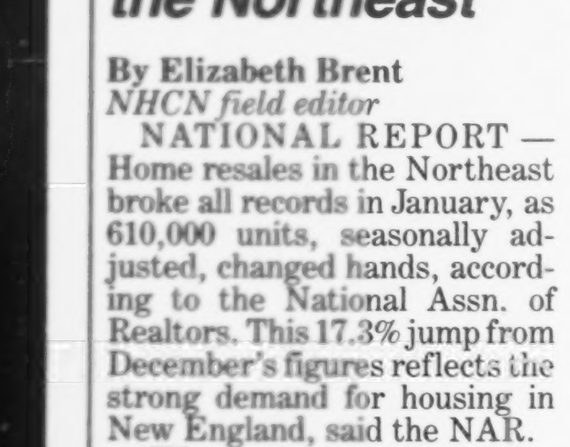
Source: Nat'l Assn. of Realtors



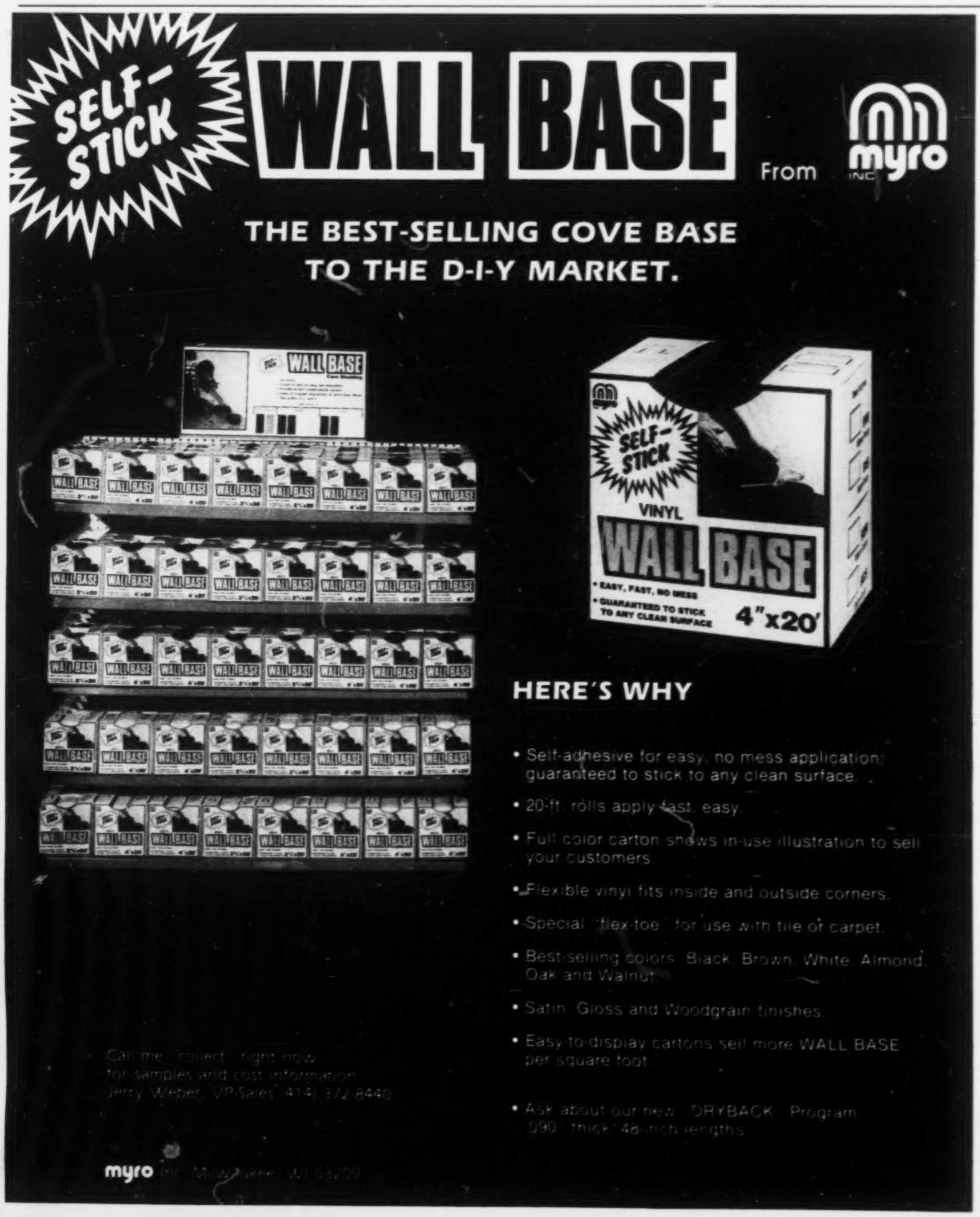









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## Home resales skyrocket in the Northeast

By Elizabeth Brent
*NHCN field editor*

NATIONAL REPORT — Home resales in the Northeast broke all records in January, as 610,000 units, seasonally adjusted, changed hands, according to the National Assn. of Realtors. This 17.3% jump from December's figures reflects the strong demand for housing in New England, said the NAR.

"We continue to hear from our realtors throughout the Northeast that the supply isn't enough to handle the demands of the market," said Glenn Crellin, economist with the association.

January was a strong month for resale activity throughout the United States. Interest rates dropped still further to 13.18% on fixed rate loans, and down to 11.46% on adjustable rate mortgages, according to the Federal Home Loan Bank Board. These lower rates encouraged existing homeowners to trade-up to better homes.

Home resales in the United States rose to three million, seasonally adjusted, in January—4.5% above December's rate.

Unlike the rest of the country the Northeast has maintained a steady rise in house prices over the last year, reflecting strong demand and a shortage of housing. In January, the median sales price of an existing home in the Northeast jumped from $81,500 to $87,800, an increase of nearly 8% and over 17% higher than in January 1984. The Northeast had the greatest price increase of any region over the last 12 months. The average United States median sales price rose only 1.9% during this time.

The National Assn. of Realtors reports particularly strong resale activity in the southern part of New Hampshire and Maine.

The intense resale activity in the Boston area is due in particular to baby boomers who are taking advantage of low interest rates to move to better housing, according to Bill Apgar, project director at the Joint Center for Urban Studies of MIT and Harvard.

## FUTURES

Two weeks ended Feb. 28, 1985

| | High | Low | Close | Previous Week | Open* Interest | Contract High | Contract Low |
|---|---|---|---|---|---|---|---|
| **LUMBER** (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft. | | | | | | | |
| March '85 | 144.60 | 132.50 | 132.60 | 141.20 | 2,463 | 220.00 | 132.50 |
| May | 153.60 | 142.20 | 142.50 | 150.20 | 3,198 | 225.00 | 147.40 |
| July | 160.60 | 151.00 | 151.10 | 157.40 | 1,249 | 230.50 | 151.00 |
| Sept. | 165.00 | 155.80 | 156.10 | 161.30 | 944 | 197.50 | 155.80 |
| Nov. | 165.90 | 157.10 | 157.40 | 162.70 | 893 | 186.10 | 157.10 |
| Jan. '86 | 170.70 | 163.70 | 164.80 | 168.70 | 202 | 187.30 | 163.70 |
| March | 176.00 | 169.10 | 169.20 | 172.60 | 57 | 188.20 | 169.10 |

**Total Contract Vol. (Through 2/28): 21,671** — **Previous Two Weeks: 21,198**
**Total Open Interest (As of 2/28): 8,984** — **Previous Week: 9,934**
**Cash Price: $147.98** — **Previous Week: $148.96** — **Year Ago: $182.28**

| COMMODITY RESEARCH BUREAU INDEX: | This Week | Previous Week | Year Ago |
|---|---|---|---|
| | 239.1 | 240.0 | 274.7 |

CME—Chicago Mercantile Exchange — CBT—Chicago Board of Trade
*Figures for Thursday, Feb. 28.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

LUMBER REPORT

# Modest softwood demand gains should continue throughout 1985

**By Robert Berg**
*Special to NHCN*

The U.S. economy has entered its third calender year of expansion in the current business cycle. Unlike the business cycles of the 1970's, the current cycle has been characterized by strong growth in a low inflation environment. The Government policies put in place in 1981 have resulted in large Government deficits providing stimulus for economic growth; while the Federal Reserve's conservative monetary policy has kept inflation at bay. However these economic policies represent extremes and consequently put a great deal of stress on the workings of the marketplace. This stress has surfaced in the form of high real interest rates, a strong U.S. dollar, slow growth in Europe and other parts of the world and excess world capacity for basic commodities.

The North American softwood lumber industry has shared in this economic recovery and should continue to expand in 1985. U.S. softwood lumber demand was estimated to have been around 41.8 billion board feet (BBF) in 1984, 35% above the recession low of 30.9 BBF in 1984. Most of the early recovery in softwood lumber demand was attributable to residential construction demand which expanded by 66% from 9.2 BBF in 1982 to 15.3 BBF in 1984. Over the same period, all other softwood lumber end-use markets expanded a healthy, but more modest 24% from 21.7 BBF to 26.5 BBF.

In 1985, U.S. softwood lumber demand is expected to grow a modest 2% to a new record level of 42.8 BBF (the previous high was 42.4 BBF in 1978). The 1985 growth in softwood lumber demand will be fueled by the continued growth in industrial, nonresidential construction and repairs and alterations end-use markets, while the residential market will show little growth. The residential construction end-use market is expected to increase 1% to 15.5 BBF, accounting for 36% of total U.S. lumber consumption (compared to 44% in 1978). Meanwhile, the nonhousing end-use markets for softwood lumber are projected to expand 3% to 27.3 BBF with their share of total lumber demand increasing from 56% in 1978 to 64% in 1985.

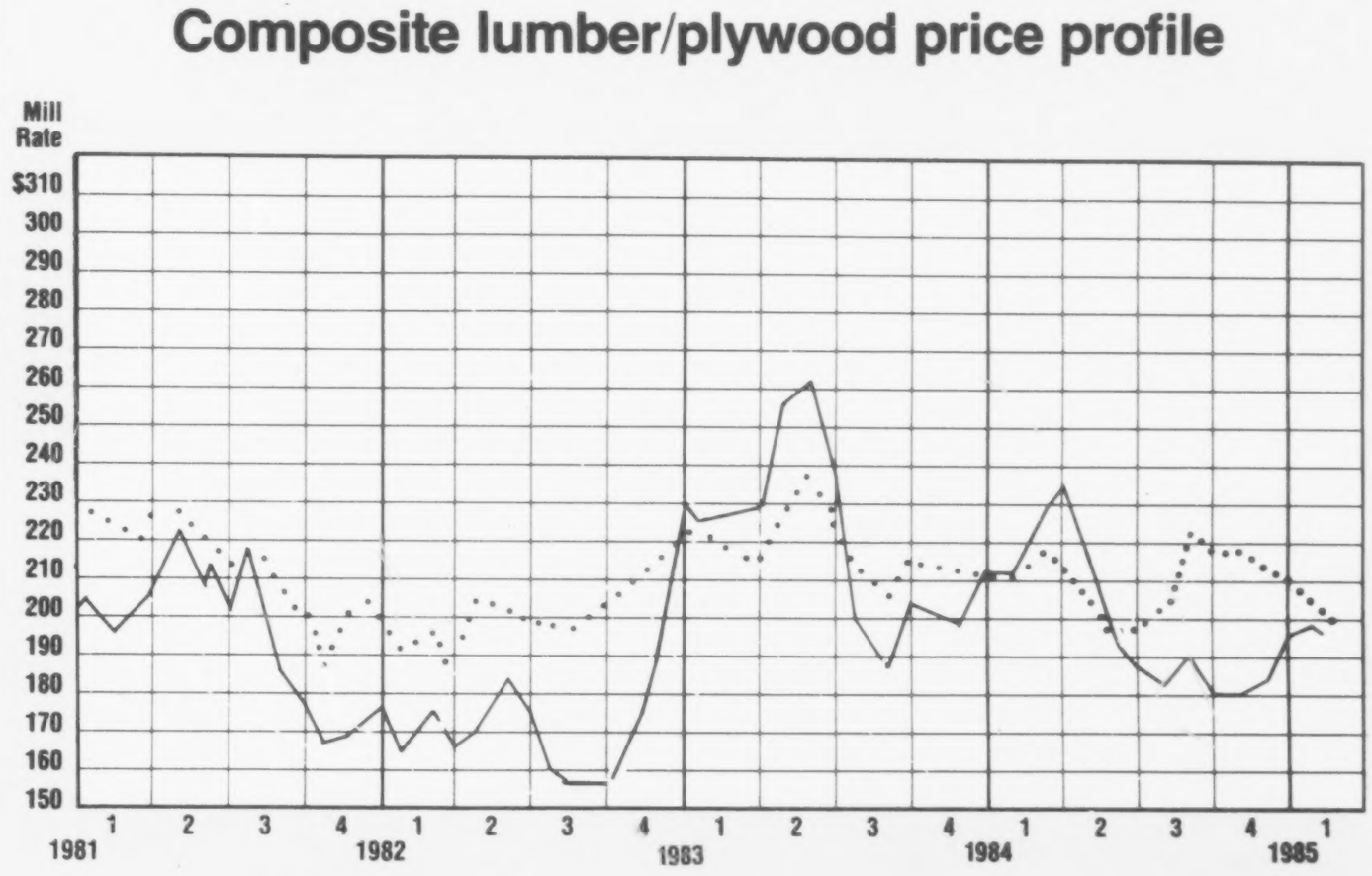
The strong rebound in U.S. softwood lumber demand since 1982 has not provided any relief, in the form of profitability, to the softwood lumber industry. Total demand for softwood lumber produced in North America (U.S. consumption plus Canadian consumption plus net overseas exports) was estimated to have been 50.9 BBF in 1984; marginally higher than the 1978 peak. Since 1982, there has been some loss of capacity in the industry through mill closures, but in their efforts to reduce costs, lumber producers have made their mills more efficient. Consequently, higher output has been obtained from a smaller capital base and overall U.S. capacity has shown little or no decline since 1980. Thus, while North American softwood lumber demand in 1984 was in line with the previous 1978 peak level, this demand only utilized 82% of the in-place capacity in Canada and U.S., down from a 90% utilization rate in 1978.

In 1985, total North American softwood lumber demand is projected to increase 2% to 52.1 BBF; exceeding the previous peak by at least 3%. But even with this year-over-year improvement, total demand on North American sawmills will only utilize 85% of available capacity—still short of the 90% rate of 1978.

The low demand/capacity (or excess supply condition) in the

*(Continued on page 80)*

## Composite lumber/plywood price profile

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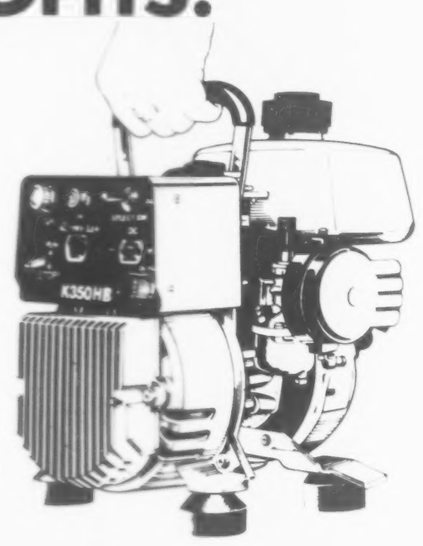

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# Gains in softwood demand should continue throughout 1985

*(Continued from page 14)*

North American softwood lumber market has resulted in intense competition. The lumber manufacturers' fight to remain operating (or competitive) has resulted in lower prices for timber, investments to improve productivity and low or no increase labor wage settlements.

Given that competition for market share is expected to continue to be intense in 1985, we can expect to see further draconian cost cutting measures at the mills, downward pressure on wages (in the form of give-backs) and flat to lower timber prices. Also, the frequency of mill closure announcements will increase. As the economic pressures rise and become more painful, then protectionist sentiment among U.S. producers will gain momentum as a strengthening U.S. dollar gives the Canadian lumber producers a widening advantage in the U.S. market.

The main beneficiary of the excess supply that has plagued the North American softwood lumber market since 1982 has been the end user. Intense competition for market share has resulted in lower production costs and lower margins which, when added together, translate into lower prices. By the fourth quarter of 1984, many commodity lumber prices had given up all of the increases recorded in the early stages of the recovery and were at, or very close to, the recession lows of 1982. It is unlikely that demand will increase enough or that sufficient capacity attrition will occur in 1985 to alleviate the problem of excess supply in the wood market. Consequently, it will be hard for mills to sustain significant increases in lumber prices through the end of 1985.

However, this is not to say there will not be any price volatility in 1985. Buying behavior has been modified in response to the high cost of carrying inventory, chronic excess supply and disinflation in lumber prices. Dealers and reloads have given up some of their inventory carrying responsibilities to the mills. The extreme seasonality that characterizes lumber consumption almost guarantees temporary dislocations of supply as dealers occasionally are caught short of inventory and rush to cover requirements. Supply will be able to respond, but not without prices first increasing. Such a price move can be expected this spring, because ordering in the first two months of this year has only just covered current consumption requirements, and has left no margin for inventory accumulation for the normal spring surge in consumption.

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*Robert Berg is a senior economist for Data Resources, Lexington, Mass. This is the first of a series of columns he is preparing especially for* National Home Center News.

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## Building industry turns in record year for 1984

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New residential construction accounted for 43.3% of all construction in 1984 with a year-end value of $135.1 billion. This is similar in proportion to 1983 when new residential construction made up 42.6% of the total value of construction put in place.

Both 1983 and 1984 were strong years for home-building activity, with 1.7 million houses started in 1983 and over 1.74 million started in 1984.

The Department of Commerce estimates that residential construction will level off in 1985 with a year-end value of $136 billion, representing over 39% of the value of all construction.

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